



SACHI A. HAMAI
Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
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"To Enrich Lives Through Effective And Caring Service"

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June 21, 2016

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

11 June 21, 2016

LORI GLASGOW
EXECUTIVE OFFICER

**APPROVE THE TRANSFER OF PROPRIETARY PETROLEUM PIPELINE FRANCHISE RIGHTS
IN THE LADERA HEIGHTS UNINCORPORATED AREA,
INTRODUCE AND SCHEDULE FOR ADOPTION AN ORDINANCE
TO AMEND A PROPRIETARY PETROLEUM PIPELINE FRANCHISE
(SECOND DISTRICT)
(3 VOTES)**

SUBJECT

Approval will transfer the proprietary petroleum pipeline franchise rights, granted to Plains Exploration & Production Company for pipelines installed in highways in the Ladera Heights unincorporated area, to Freeport-McMoRan Oil & Gas LLC.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that this action is categorically exempt under the California Environmental Quality Act pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board of Supervisors on November 17, 1987, and Section 15301 (Existing Facilities) of the State of California Guidelines for the implementation of the California Environmental Quality Act.
2. Approve a transfer of the proprietary petroleum pipeline franchise rights granted to Plains Exploration & Production Company by Ordinance No. 2008-0066F, for pipelines installed in highways in the Ladera Heights unincorporated area, to Freeport-McMoRan Oil & Gas LLC.
3. Approve the introduction and schedule for adoption on the Board of Supervisor's agenda of June 28, 2016, an ordinance to amend the proprietary petroleum pipeline franchise granted to Plains Exploration & Production Company by Ordinance No. 2008-0066F, to reflect a transfer of the franchise rights to Freeport-McMoRan Oil & Gas LLC.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of these actions by the County of Los Angeles (County) Board of Supervisors (Board), will transfer the proprietary petroleum pipeline franchise rights granted to Plains Exploration & Production Company (Plains), previously approved on November 25, 2008, by Ordinance No. 2008-0066F, for pipelines installed in County highways in the Ladera Heights unincorporated area, to Freeport-McMoRan Oil & Gas LLC (FMOG).

In December 2012, Plains entered into an Agreement and Plan of Merger with Freeport-McMoRan Copper & Gold Inc. (FCX), whereby Plains was merged with and into an FCX merger-subsiary created to facilitate the merger.

A Certificate of Merger and a Certificate of Amendment were filed with the Delaware Secretary of State on May 31, 2013, changing the name of the merger-subsiary to FMOG, and finalizing the merger of the Plains Delaware corporation into the FMOG Delaware limited liability company.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan Goal of Operational Effectiveness/Fiscal Sustainability (Goal 1) directs that we maximize the effectiveness of processes, structure, operations, and strong fiscal management to support timely delivery of customer-oriented and efficient public services. Approving and adopting an ordinance to reflect the transfer of franchise rights from Plains to FMOG is consistent with this goal.

FISCAL IMPACT/FINANCING

The County has received a one-time fee of \$5,000, to process an ordinance to amend the Plains franchise. Upon Board approval of this transfer, FMOG will continue to pay the County a minimum base annual fee of \$14,945, based upon a rate of \$1.50 per cubic foot of highway space occupied, applied to the current 16,657 feet of various diameter pipelines maintained in County highways in the Ladera Heights unincorporated area. The terms for payment in the franchise state that the base annual fee will be adjusted upward annually for inflation with an adjustment factor calculated using the Producers Price Index. Plains paid the County an adjusted annual franchise fee of \$15,543 for the 2015 calendar year.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On November 25, 2008, the Board adopted Ordinance No. 2008-0066F, granting Plains a 10-year proprietary petroleum pipeline franchise, which became operative on March 1, 2009, and will expire on February 28, 2019.

FMOG will continue to maintain various diameter pipelines (8", 10", 12", and 14") in the Ladera Heights unincorporated area, installed in the County highway noted in the Franchise Area described within the ordinance to amend the pipeline franchise.

The Department of Public Works has reviewed this recommendation and expressed no objection. County Counsel has reviewed and approved as to form, the ordinance to amend the Plains franchise to transfer the franchise rights to FMOG.

ENVIRONMENTAL DOCUMENTATION

Approval of this action is categorically exempt under the California Environmental Quality Act (CEQA) pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board on November 17, 1987, and Section 15301 of the State CEQA Guidelines (Existing Facilities).

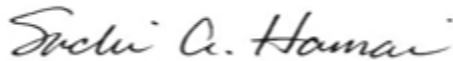
IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of this action will not impact any current services or future projects.

CONCLUSION

It is requested that the Executive Office, Board of Supervisors, return certified copies of this adopted recommendation, and the certified ordinance to Mr. John R. Billeaud, Landman, Freeport-McMoRan Oil & Gas LLC, 1200 Discovery Drive, Suite 100, Bakersfield, CA 93309, the Department of Public Works, and the Chief Executive Office, Real Estate Division.

Respectfully submitted,



SACHI A. HAMAI

Chief Executive Officer

SAH:DPH:CMM

KW:RB:ls

Enclosures

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Public Works